



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

August 17, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR OPTION TO RENEW LEASE NO. L-0762
AND AUTHORIZATION FOR ALL NECESSARY LEGAL ACTIONS
DEPARTMENT OF HEALTH SERVICES
38350 40TH STREET EAST, PALMDALE
(FIFTH DISTRICT) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to exercise the five-year option to extend the current lease with Antelope Valley Hospital District (Landlord) for 13,500 rentable square feet of office and medical space located at 38350 40th Street East, Palmdale, for use by the Department of Health Services (DHS), at no rent of any kind on a modified full-service basis.
2. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board and Section 15062 (b) (3) of the State CEQA Guidelines.
3. Authorize County Counsel to defend or to institute and prosecute to conclusion appropriate legal proceedings to confirm and/or protect County's option rights under the lease.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

The Honorable Board of Supervisors
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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Exercising the renewal option is required in order to allow DHS to continue housing direct service ambulatory care programs in the centrally located South Valley Health Center/Outpatient Clinic. The health center provides a primary care clinic, urgent care clinic, and six specialty clinics servicing the central and east Palmdale area and other South Antelope Valley communities including Littlerock, Pearblossom, and Acton. DHS provides similar services throughout a geographically distributed health system that consists of health centers, comprehensive health centers, hospitals, and Public Private Partnership clinics.

On June 24, 2004, Landlord gave notice that it was canceling the lease effective September 1, 2004. Landlord's position is that it has the right to cancel the lease at any time after the original three (3) year term expires on September 1, 2004. The County's position is that the lease can not be canceled until September 1, 2007.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide the public with easy access to quality information and services that are both beneficial and responsive (Goal 1). The proposed lease renewal supports this goal with a centrally located office to service Antelope Valley residents who visit this clinic as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual rental cost of this five-year lease renewal is gratis.

38350 40th STREET EAST, PALMDALE	EXISTING LEASE	PROPOSED LEASE	CHANGE
Area (Square feet)	13,500	13,500	None
Term	09/01/2001 - 08/31/2004	09/01/2004 - 08/31/2009	New 5-year term
Maximum 1 st yr Rent	Gratis, except County pays its pro-rata share of al utilities*	Gratis, except County pays its pro-rata share of all utilities*	None
Parking Included in Rent	60 off-street spaces	60 off-street spaces	None
Cancellation	Any time on 60 days notice if funding unavailable	Anytime after the 36 th month by either party on 60 days notice	+ 3 years notice
Option to Renew	One (5-year) option	None	No option
Rental Adjustment	None	None	None

* Utilities based upon BOMA standards would equate to a cost of \$2,700 per month.

Sufficient funding of operational costs for the proposed renewal is included in the 2004-2005 DHS budget to cover the projected costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed five-year renewal option with the High Desert Valley Hospital, provides 13,500 rentable square feet of office and medical space and 60 parking spaces for the medical staff and clerks. The lease retains the same terms and conditions and contains the following provisions:

- Modified full-service lease, whereby Landlord agrees to repair, maintain and replace as necessary the entire interior and exterior of the building except the County will repair and maintain exposed electrical systems, exposed plumbing, lighting lamps and tubes and ceiling, disposal of medical waste, janitorial services and supplies and pay for the use of all sewer, water, electricity, gas and other lighting associated with the Premises.
- DHS requested 67 spaces in its Space Request Evaluation but the lease renewal only provides 60 parking spaces and the additional seven spaces were unavailable. DHS has concurred that the 60 spaces will provide adequate parking to meet the needs of the staff and clients assigned to this facility.
- A cancellation provision that allows either party the right to cancel at any time after the 36th month of the renewal term by giving the other party 60 days prior written notice.
- The Department of Public Works has inspected this facility and finds it suitable for the County's occupancy.

The Chief Administrative Office (CAO), Real Estate Division staff conducted a survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any suitable sites in the surveyed area that could accommodate this space requirement. This is an existing program and renewing the lease will cause no increase in costs, equipment or additional space. Attachment B shows all County-owned or leased facilities in the proximity of the service area, and there are no County-owned or leased facilities available for this program.

Landlord's notice of cancellation in effect purports to deny the County the right to exercise the option to renew the lease. The County must formally exercise the option in order to assert its right to renew the lease. CAO and County Counsel also require authority from this Board to take all necessary legal action to protect the County's rights under the lease option.

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LEGAL/NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section (b) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed exercise of the lease renewal option is in the best interests of the County and will provide DHS necessary space, to continue program operations. In accordance with your Board policy on the housing of any County offices or activities, DHS concurs in the lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the certified copies of the Minute Order and the adopted, stamped Board letter to the CAO Real Estate Division at 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a stylized flourish at the end.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:TS:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Department of Health Services

**DEPARTMENT OF HEALTH SERVICES
38350 40th STREET EAST, PALMDALE**

Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²		X	
	B	Does lease co-locate with other functions to better serve clients? ² This site is already established under an existing lease and one complimentary entity is already located in the new building: a prenatal clinic operated by Antelope Valley Hospital District.		X	
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq.ft of space per person? ² The space consists of two distinct clinic areas, only a small percentage of the staff are located in stationary spaces, and the majority of the staff is distributed among shared areas such as treatment rooms, observation rooms, etc.			X
2.	Capital				
	A	Should program be in leased space to maximize State/Federal funding?			X
	B	If not, is this a long term County program?			X
	C	Is it a substantial net County cost (NCC) program 9% NCC		X	
	D	If yes to 2 B or C; capital lease or operating lease with an option to buy?		X	
	E	If no, are there any suitable County-owned facilities available?		X	
	F	If yes, why is lease being recommended over occupancy in County-owned space?			X
	G	Is Building Description Report attached as Attachment B?	X		
	H	Was build-to-suit or capital project considered? A building of only 13,500 square feet would not be cost effective to build and no other County space in that area exists at this time.		X	
3.	Portfolio Management				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" parking area.			
		2. <u>X</u> No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. ___ The Program is being co-located.			
	E	Is lease a full service lease? ² No, Landlord covers cost of basic structure, County pays its pro-rata share of utilities and interior maintenance.		X	
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98				

²If not, why not?

Attachment B

**SPACE SEARCH - 10 MILE RADIUS OF AREA SERVICED BY DHS CLINIC,
DEPARTMENT OF HEALTH SERVICES**

LACO	FACILITY NAME	ADDRESS	SQ. FT. GROSS	SQ. FT. NET	OWNERSHIP	SQ. FT. AVAIL
0059	PW Road –Div #551 Maintenance	4859 W Ave L-12 Quartz Hill	1,2501	1,125	OWNED	NONE
D620	Public Library-Quartz Hill	42018 N 50 th St. W., Quartz Hill	3,530	3,291	LEASED	NONE
B636	DPSS Lancaster Office Center	43770 N 15 th Street W, Lancaster	4,020	3,901	LEASED	NONE
A079	Assessor's Regional Office	251 E Avenue K-6, Lancaster	15,338	13,712	LEASED	NONE
A035	Board of Supervisors 5 th District Field Office	1113 W 4 th Street W, Lancaster	1,241	1,164	LEASED	NONE
X511	Antelope Valley Courthouse	42011 4 th St, W, Lancaster	389,000	267,610	FINANCED	NONE
A008	Antelope Valley Service Center	335 A E Avenue K-6, Lancaster	51,000	242,803	LEASED	NONE
A433	Antelope Valley Service Center B	349 A-B E Avenue K-6, Lancaster	51,000	33,932	LEASED	NONE
A492	DPSS Lancaster IHSS Annex	43424 Copeland Cir., Lancaster	2,400	2,280	LEASED	NONE
A192	Probation –Antelope Valley Area	321 E Avenue K-4, Lancaster	6,400	6,000	LEASED	NONE
X495	PW Waterworks North Maintenance Area	260 E Avenue K-8 Between K-8 and K-10, Lancaster	13,200	11,150	OWNED	NONE
A125	Lake Los Angeles Library	16921 E Avenue O, Palmdale	3,245	2,921	LEASED	NONE
A125	Lake Los Angeles Clinic	16921 E Avenue O, Palmdale	2,457	2,211	LEASED	NONE
A380	DPSS Antelope Valley CAIN	1050 E Palmdale Blvd., Palmdale	18,795	17,855	LEASED	NONE
A509	Palmdale Courthouse	38256 Sierra Highway, Palmdale	18,528	16,256	OWNED	NONE

NOTICE OF EXERCISE OF OPTION PURSUANT
TO LEASE NO. L-0762
DEPARTMENT of HEALTH SERVICES
38350 40th STREET EAST, PALMDALE

TO: ANTELOPE VALLEY HOSPITAL DISTRICT ("LESSOR")

FROM: COUNTY OF LOS ANGELES, A BODY POLITIC and
CORPORATE ("LESSEE")

DATE: AUGUST 17, 2004

PLACE: LOS ANGELES, CA

RECITALS

A. Lessor and Lessee are the parties to a Lease No. L-0762 dated May 21, 2001 (the Lease"), for certain premises described therein (the "Premises") located at 38350 40th Street East, Palmdale, (the "Premises").

B. Lessee now wishes to exercise its Option to extend the term an additional five years by giving notice of such exercise to Lessor, in accordance with Paragraph 2 B. of Lease No. L- 0762.

Therefore, Lessee hereby notifies Lessor as follows:

1. Lessee hereby exercises Lessee's Option to extend the term of the Lease on the terms and conditions regarding the Option set forth in Lease No. L-0762, in compliance with Paragraph 2 B. of Lease L-0762, Lessee is enclosing with this notice evidence of the final approval by Los Angeles County Board of Supervisors of their exercise of Lessee's Option.

IN WITNESS WHEREOF, Lessee has executed this Notice of Exercise of Option pursuant to Lease No. L-0762 or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Notice to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

ATTESTED:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

By:
Deputy

LESSEE

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

APPROVED AS TO FORM:

OFFICE of COUNTY COUNSEL

By Framin & Sull:
Deputy

NOTICE OF EXERCISE OF OPTION PURSUANT
TO LEASE NO. L-0762
DEPARTMENT of HEALTH SERVICES
38350 40th STREET EAST, PALMDALE

TO: ANTELOPE VALLEY HOSPITAL DISTRICT ("LESSOR")

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IN WITNESS WHEREOF, Lessee has executed this Notice of Exercise of Option pursuant to Lease No. L-0762 or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Notice to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

ATTESTED:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

By:
Deputy

LESSEE

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

APPROVED AS TO FORM:

OFFICE of COUNTY COUNSEL

By Framin & Sued:
Deputy